

WC 07-178

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FCC/MELLON

AUG 15 2007

Telephone: (770) 232-9200
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August 14, 2007

VIA OVERNIGHT DELIVERY

c/o Mellon Client Service Center
Federal Communications Commission
500 Ross Street
Room 670
Pittsburgh, Pennsylvania 15259-0001
(Attention: FCC Module Supervisor)
(202) 418-0220

Re: Independent Telecommunications System, Inc.
Joint Application for Approval of a Transfer of Control

Dear Sir/Madam:

On behalf of Independent Telecommunications System, Inc. ("Transferor") and Capital Growth Systems, Inc. ("Transferee") (collectively "Applicants"), enclosed please find an original and six (6) copies of an application for Section 214 authority. Pursuant to Section 63.04(b) of the Commission's Rules, Applicants submit this filing as a combined international section 214 transfer of control application and domestic section 214 transfer of control application ("Joint Application").

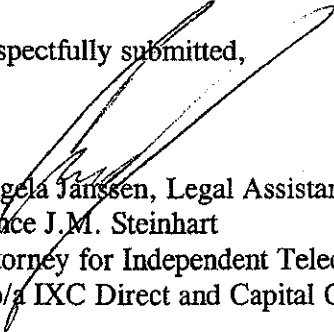
Also enclosed please find for filing a FCC Form 159 along with the application fee of \$965.00 payable to the "Federal Communications Commission" for Independent Telecommunications System, Inc. An application was electronically submitted on August 14, 2007.

Federal Communications Commission
August 14, 2007
Page Two

Please date-stamp the extra copy of this FCC Form 159 and return it in the enclosed self-addressed stamped envelope.

If you have any questions regarding the foregoing, please do not hesitate to call me.
Thank you.

Respectfully submitted,


Angela Janssen, Legal Assistant to
Lance J.M. Steinhart
Attorney for Independent Telecommunications System, Inc.
d/b/a IXC Direct and Capital Growth Systems, Inc.

Enclosures

cc: Mr. Jonathan Wynne-Evans
Mitch Goldsmith, Esq.
Dale Rietberg, Esq.

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3)60-0589
Page No. 1 of 1

(1) LOCKBOX # **358145**

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Lance J.M. Steinhart, P.C.

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)

\$965.00

(4) STREET ADDRESS LINE NO. 1

1720 Windward Concourse

(5) STREET ADDRESS LINE NO. 2

Suite 115

(6) CITY

Alpharetta

(7) STATE

GA

(8) ZIP CODE

30005

(9) DAYTIME TELEPHONE NUMBER (include area code)

(770) 232-9200

(10) COUNTRY CODE (if not in U.S.A.)

US

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)

0006300503

(12) PAYER (TIN)

58-2590132

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME

Independent Telecommunications System, Inc.

(14) STREET ADDRESS LINE NO. 1

4079 Park East Court

(15) STREET ADDRESS LINE NO. 2

(16) CITY

Kentwood

(17) STATE

MI

(18) ZIP CODE

49546

(19) DAYTIME TELEPHONE NUMBER (include area code)

(616) 242-5300

(20) COUNTRY CODE (if not in U.S.A.)

US

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)

007033392

(22) APPLICANT (TIN)

38-2642388

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE

CUT

(25A) QUANTITY

1

(26A) FEE DUE FOR (PTC)

\$965.00

(27A) TOTAL FEE

\$965.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT

I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE _____ DATE _____

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

☐

MASTERCARD

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION
DATE:

☐

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE _____

DATE _____

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Independent Telecommunications Systems, Inc.)
)
Application Pursuant to Section 214 of the)
Communications Act of 1934, as amended,)
and Sections 63.04 and 63.24 of the)
Commission's Rules for Approval of the)
Transfer of Control of a Company Holding)
Domestic and International Section 214 Authority)

File No. ITC-T/C-2007 _____
WCB Docket No. 07- _____

**JOINT APPLICATION FOR APPROVAL OF A TRANSFER OF CONTROL
STREAMLINED PROCESSING REQUESTED**

I. INTRODUCTION

A. Summary of Transaction

Capital Growth Systems, Inc. ("Transferee" or "CGSY") (FCC Registration Number 0010405959) and Independent Telecommunications Systems, Inc. ("Transferor" or "ITS") (FCC Registration Number 0007033392) (collectively "Applicants"), by their undersigned attorney and pursuant to Section 214 of the Communications Act of 1934 (the "Act"), as amended, 47 U.S.C. § 214, and Sections 63.04 and 63.24 of the Commission's Rules, 47 C.F.R. §§ 63.04 and 63.24, hereby respectfully seek approval to transfer control of ITS to CGSY.

Pursuant to Section 63.04(b) of the Commission's Rules, 47 C.F.R. § 63.04(b), Applicants are filing a combined international and domestic Section 214 transfer of control Application. Applicants provide below the information required by Section 63.24(e) of the Commission's Rules, 47 C.F.R. § 63.24(e). Exhibit A provides the additional information requested by Section 63.04(a)(6) through (a)(12) of the Commission's Rules, 47 C.F.R. § 63.04(a)(6)-(12), in connection with the transfer of the domestic Section 214 authorizations.

Although the proposed transaction will result in a change in the control of ITS, no assignment of authorizations, assets, or customers will occur as a consequence of the proposed transaction. ITS will continue to provide service to its existing customers pursuant to its authorizations under the same rates, terms and conditions. Accordingly, this transaction will be transparent to the customers of ITS.

B. Request for Streamlined Processing

Applicants respectfully submit that this Application is eligible for presumptive streamlined processing pursuant to Section 63.03 and 63.12 of the Commission's Rules, 47 C.F.R. §§ 63.03 & 63.12. With respect to domestic interstate authority, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transactions, (1) ITS and its affiliates, as defined in Section 3(1) of the Communications Act ("Affiliates") combined will hold less than a ten percent (10%) share of the interstate, interexchange market;¹ (2) ITS and its Affiliates will provide local exchange service only in areas served by dominant local exchange carriers (none of which is a party to the proposed transactions), and; (3) neither ITS nor any of its Affiliates is dominant with respect to any service.

With respect to international authority, this Application is eligible for streamlined processing pursuant to Section 63.12(c)(1)(ii) of the Commission's rules. Neither ITS nor CGSY is affiliated with any foreign carriers.

C. Request for Expedited Consideration

For important business and financial reasons, this transaction must close by September 15, 2007. In order for the transition to be completed by September 15, 2007, with all required federal approvals, Applicants request that the Commission complete its review process so that the Public Notice granting the approvals will be issued no later than September 14, 2007.

In support of this Application, Applicants also provide the following information:

II. DESCRIPTION OF THE APPLICANTS

¹ 47 U.S.C. § 153(1); 47 C.F.R. § 63.03(b)(3).

A. Independent Telecommunications Systems, Inc. (Transferor)

ITS holds blanket domestic Section 214 authority to provide interstate telecommunications services, and holds international Section 214 authority to provide resold and facilities-based international services pursuant to FCC File No. ITC-214-20030327-00176. In particular, ITS is a leading provider of network solutions and professional consulting services related to data, voice and network management. Over two decades of experience in the industry has built a national base of clients who rely on ITS to deliver a wide array of Information Technology ("IT") and telecommunications solutions including:

- Data network circuit design, provisioning and management with an emphasis in point-to-point private line and Multiprotocol Label Switching ("MPLS") networks leveraged through its presence as a national virtual carrier.
- Software and hardware based enterprise network management solutions for Fortune 2000 companies and government entities through its world class partners and in-house expertise.
- On-site and remote network management and maintenance services delivered through ITS' team of field engineers and ITS's advanced data center.

B. Capital Growth Systems, Inc. (Transferee)

CGSY delivers telecom integration services to a global client set consisting of systems integrators, telecommunications companies and enterprise customers. **CGSY** has acquired unique technologies and software assets in the network integration space. Management believes that these assets enable **CGSY** to more efficiently design, price, deliver and manage connectivity solutions on a global basis. Companies that deliver connectivity solutions are referred to as Network Operators and Logistics and Communications Systems Integrator. **CGSY** is a Logistics and Communications Systems Integrator (Telecom Integrator), which delivers connectivity solutions to clients but does not own the underlying infrastructure. Therefore, Telecom Integrators are generally viewed as asset light and more solution oriented than traditional network operators that are mainly telephone companies, who, in **CGSY**'s estimation, are more intent on offering as much of the solution as possible over their own networks.

III. DESCRIPTION OF THE PROPOSED TRANSACTION *(Answer to Question 13)*

Applicants have entered into a Letter of Intent which contemplates a definitive agreement through which: (1) CGSY's wholly owned subsidiary, ITS Merger Sub, Inc. ("ITS Merger Sub"), which was created for this purpose, will be merged with and into ITS whereupon the separate existence of ITS Merger Sub shall cease and ITS shall be the surviving corporation ("Surviving Corporation"), (2) the certificate of incorporation and by-laws of ITS Merger Sub shall become the certificate of incorporation and by-laws of Surviving Corporation, and Surviving Corporation will be called "Independent Telecommunications Systems, Inc." (3) the stock of ITS will be cancelled and converted into the right to receive a certain amount of cash, and (4) each share of the common stock of ITS Merger Sub will be converted into one share of the common stock of Surviving Corporation. At the conclusion of the transaction, Surviving Corporation will be the wholly owned subsidiary of CGSY. For the Commission's convenience, pre- and post-closing organization illustrative charts are provided as Exhibit B.

IV. PUBLIC INTEREST CONSIDERATIONS

Applicants submit that the transaction will serve the public interest because it brings together the unique strengths of each company, further enhancing CGSY's telecom integration services. In particular, the merger brings together two extensive product portfolios. As a result, the transfer of control will ensure the ongoing provision of high quality telecommunications integration services to the public, the introduction of new services, and will promote competition in the U.S. telecommunications integration service market for the benefit of all consumers.

The proposed transfer of control of ITS involves no disruption, impairment, or other changes in the entity providing service to customers, the facilities used to provide such services, or the rates, terms and conditions of such service. All existing tariffs will remain in place. In addition, the contact points for customers and Commission inquiries will remain the same after the transfer of control.

All existing customer service numbers/operations, contracts and procedures of ITS will remain in place after the Merger, including procedures relating to billing and repair complaints. Further, the transaction will not result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.

Further, as stated above, the transaction will be conducted in a manner that will not affect the ongoing service of existing customers. Following consummation of the transaction, ITS will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms or conditions.

V. INFORMATION REQUIRED BY SECTION 63.24(e)

Pursuant to Section 63.24(e) of the Commission's Rules, in support of this Application Applicants submit the following information from Section 63.18(a)–(d)(h) for the Transferor and the Transferee, and from Section 63.18(i)–(p) for the Transferee:

Section 63.18 (Transferor and Transferee) –

(a) Name, address and telephone number of Transferor and Transferee:

Transferor: Independent Telecommunications Systems, Inc.
4079 Park East Court
Kentwood, Michigan 49546
Tel: (616) 242-5300
Fax: (616) 242-5309
FRN: 0007033392

Transferee: Capital Growth Systems, Inc.
125 South Wacker Drive, Suite 300
Chicago, Illinois 60606
Tel: (312) 673-2400
Fax:(312) 673-2422
FRN: 0010405959

(b) Place of Formation:

Transferor: Independent Telecommunications Systems, Inc. is a corporation organized under the laws of Michigan.

Transferee: Capital Growth Systems, Inc. is a corporation formed under the laws of Florida.

- (c) (Answer to Question 10) Correspondence concerning this Application should be sent to:

Lance J.M. Steinhart
Lance J Steinhart, P.C.
1720 Windward Concourse, Suite 115
Alpharetta, Georgia 30005
Tel: (770) 232-9200
Fax: (770) 232-9208
E-Mail: lsteinhart@telecomcounsel.com

With a copy to:

Joseph Levan, Esq.
Varnum, Riddering, Schmidt & Howlett, LLP
333 Bridge Street, NW
Grand Rapids, MI 49504
Tel: (616) 336-6438
Fax: (616) 336-7000
E-Mail: jblevan@varnumlaw.com

- (d) Transferor: Independent Telecommunications Systems, Inc. provides domestic telecommunications services pursuant to the blanket Section 214 authority granted in Section 63.01 of the Commission's Rules, and holds Section 214 authority to provide international resale telecommunications services pursuant to FCC File No. ITC-214-20030327-00176.

Transferee: Capital Growth Systems, Inc. has not received authority from the FCC under Section 214 of the Act.

(h) (Answer to Questions 11 & 12)

Information concerning the ten percent (10%) or greater shareholders of Transferor:

The ownership of Independent Telecommunications Systems, Inc. is as follows:

Robert M. Sweezie 66.43% shareholder
United States Citizen
Principal Business: Telecommunications
Business Address: 4079 Park East Court, Kentwood, Michigan 49546

Scott L. Sweezie 12.28% shareholder
United States Citizen
Principal Business: Telecommunications
Business Address: 4079 Park East Court, Kentwood, Michigan 49546

Independent Telecommunications Systems, Inc. does not have any interlocking directorates with a foreign telecommunications carrier.

Information concerning the ten percent (10%) or greater shareholders of Transferee:

Capital Growth Systems, Inc. is a publicly traded company with no 10% or greater shareholders:

Interlocking Directorates:

Capital Growth Systems, Inc. does not have any interlocking directorates with a foreign telecommunications carrier.

Section 63.18 (Transferee) –

(i) (Answer to Question 14) Foreign Carrier Affiliations:

Pursuant to Section 63.18(i) of the Commission's Rules, Capital Growth Systems, Inc. certifies that it is not affiliated with any foreign carriers:

(Answer to Question 15)

- (j) No response necessary, as CGSY has certified pursuant to Section 63.18(i) that it is not affiliated with any foreign carrier.
- (k) No response necessary, as CGSY has certified pursuant to Section 63.18(i) that it is not affiliated with any foreign carrier.
- (l) CGSY may at times resell the international switched services of an unaffiliated U.S. carrier for the purposes of providing international telecommunications services.
- (m) No response necessary, as CGSY has certified pursuant to Section 63.18(i) that it is not affiliated with any foreign carrier.
- (n) Applicants certify that neither they nor any of their licensed subsidiaries have agreed to accept special concessions, as defined in Section 63.14(b) of the Commission's Rules, directly or indirectly from any foreign carrier, as defined in Section 63.09(d) of the Commission's Rules, with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market, and that they will not enter into such agreements in the future.
- (o) Applicants certify that neither they nor any of their licensed subsidiaries are subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.
- (p) This Application qualifies for streamlined processing pursuant to Section 63.12(c)(1)(ii) of the Commission's Rules, as set forth in Section I.(B) above.

VII. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application for consent to the transfer of control of Independent Telecommunications Systems, Inc., a holder of domestic and international section 214 authority, to Capital Growth Systems, Inc..

Respectfully submitted,

Lance J.M. Steinhart
Lance J Steinhart, P.C.
1720 Windward Concourse, Suite 115
Alpharetta, Georgia 30005
(770) 232-9200 (Tel)
(770) 232-9208 (Fax)
lsteinhart@telecomcounsel.com (E-Mail)

Counsel to
Independent Telecommunications Systems, Inc.
And Capital Growth Systems, Inc.

EXHIBIT A

DOMESTIC SECTION 214 TRANSFER OF CONTROL INFORMATION

Pursuant to Section 63.04 of the Commission's Rules, 47 C.F.R. § 63.04, Applicants request authority to transfer control of Independent Telecommunications Systems, Inc. a holder of domestic Section 214 authority. Applicants are filing a combined Application for this transfer of control pursuant to Section 63.04(b) of the Commission's Rules, 47 C.F.R. § 63.04(b). Applicants provide the following information in support of their request.

63.04(b)(6): Description of the Transaction

Section III of the Application contains a full description of the proposed transaction.

63.04(b)(7): Description of Geographic Service Area and Services in Each Area

Independent Telecommunications Systems, Inc. provides domestic resold intrastate and interstate telecommunications services on a retail basis in the following states: Alabama, California, Florida, Illinois, Kentucky, Maryland, Michigan, Mississippi, Ohio, Pennsylvania, Tennessee, Texas, Washington, Virginia and Wisconsin. Capital Growth Systems, Inc. does not provide any domestic telecommunications services in the United States.

63.04(b)(8): Presumption of Non-Dominance and Qualification for Streamlining

This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2)(i), because as a result of the proposed transaction, Independent Telecommunications Systems, Inc. will have market share in the interstate, interexchange market of substantially less than 10 percent and will provide competitive telephone exchange services exclusively in geographic areas serviced by a dominant local exchange carrier that is not a party to the proposed transaction, and none of the Applicants will be dominant with respect to any domestic service.

63.04(b)(9): Other Pending Commission Applications Concerning the Proposed Transaction

This Application is the only Application currently pending before the Commission in connection with the proposed transaction.

63.04(b)(10): Special Consideration

As described in Sections I.(C) above, expedited consideration of this Application is needed in order to quickly facilitate the acquisition of ITS.

63.04(b)(11): Waiver Requests (If Any)

None.

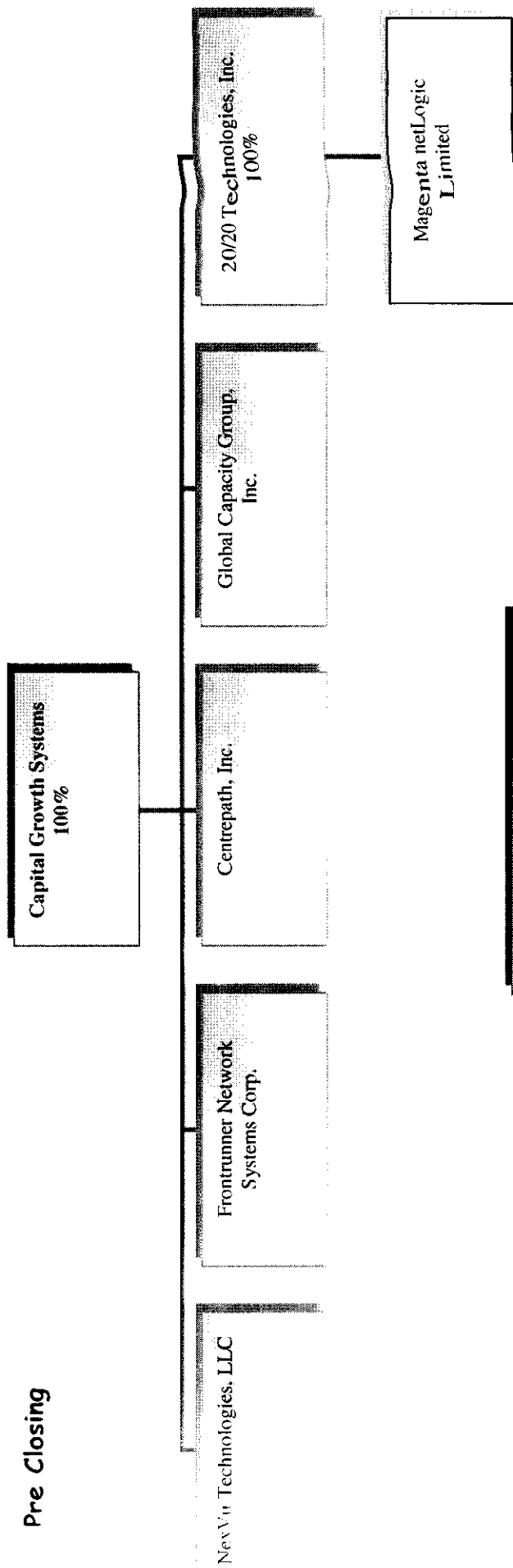
63.04(b)(12): Public Interest Statement

Section IV of the Application contains the required public interest statement.

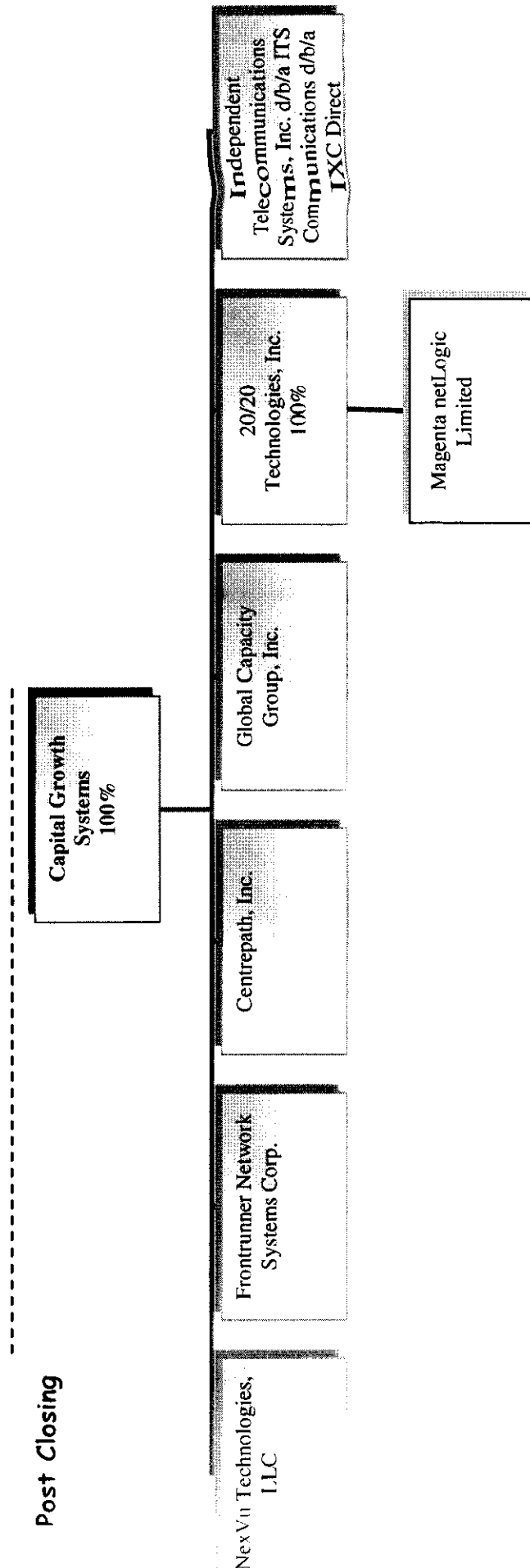
EXHIBIT B

PRE- AND POST-CLOSING ORGANIZATIONAL CHARTS

Pre Closing



Post Closing



CERTIFICATIONS

CERTIFICATION

I, _____, _____ of Independent Telecommunications Systems, Inc. ("ITS"), hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of ITS, the Transferor in the foregoing application. I further certify that the information in the foregoing application as it pertains to the Transferor is true and accurate to the best of my knowledge, and that the Transferor is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a), as amended.

Name and Title

Date: _____

CERTIFICATION

I, Dan Kardatzke, Vice-President of Capital Growth Systems, Inc. ("CGSY"), hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of Capital Growth Systems, Inc., the Transferee in the foregoing application. I further certify that the information in the foregoing application as it pertains to the Transferee is true and accurate to the best of my knowledge, and that the Transferee is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a), as amended.

Dan Kardatzke, Vice-President

Date: _____